ANNEX 24

116 BB

Control 348

Rec'd September 2, 1947
5:29 p.m.

CONFIDENTIAL

FROM: London

TO: Secretary of State

NO: 4757, September 2, 7 p.m.

One. Greenhill, Middle East Secretariat Foreign Office, said August 29 that reports of "working party" studying ways and means of improving American-British cooperation in economic and social development of the Middle East has now been approved by Middle East official committee. He described report as recommending informal cooperation along the line described in Embassy's A-1704, paragraph three, August 5.

Two. Greenhill said that he did not think that much action could be taken on reports until Foreign Office receives Secretary's reply to memo which Mr. Bevin handed him in Moscow (Embassy's 4010, July 23).

Three. Greenhill said that Foreign Office is now considering the despatch of a circular instruction to all its Middle East missions reminding them of the earlier instruction to cooperate fully with US missions. He said "we will do this anyhow but it has occurred to us that US Government might wish to do same thing".

[redacted]

Repeated Baghdad 51, Cairo 94, Tehran 70, Beirut 25, Damascus 35, Jidda 47.

DOUGLAS

EMB:HB

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY [illegible] DATE 6-12-
PORTIONS DENIED AS INDICATED

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S/P - Mr. Nitze

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DEPARTMENT OF STATE

1951 MAY 21 PM 2 06

OFFICE OF DIRECTOR
S/P

DEPARTMENT OF STATE
MEMORANDUM OF CONVERSATION

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Date: May 17, 1951.

SUBJECT: U.S. Program to Strengthen the Arab States and Israel.

PARTICIPANTS: United States:

Admiral Forrest P. Sherman, USN (Representing Joint Chiefs of Staff)
Assistant Secretary of State George C. McGhee, NEA.
Assistant Secretary of State George W. Perkins, EUR.
Mr. Paul H. Nitze, Director, Policy Planning Staff.
Mr. G. Lewis Jones, Director, NE.
Mr. Samuel K. C. Kemper, Deputy Director, NE.
Colonel P. C. Rains, CSD.
Mr. Ethan Bingham, S/MSA.

United Kingdom:
Sir Oliver Franks, Ambassador.
Air Chief Marshal Elliott, British Joint Services Mission.
Brigadier Barry, British Joint Services Mission.
Mr. Bernard Burrows, Counselor, British Embassy.
Mr. Denis A. B. Greenhill, First Secretary, British Embassy.

COPIES TO: Offices, Secretaries of Defense, Army, Navy and Air Force.
Admiral Sherman.
American Embassies, London, Paris, Moscow, Baghdad, Cairo, Jidda, Tel Aviv.
American Legations, Amman, Beirut, Damascus

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NEA	BNA	
EUR	S/ISA	
UNA	MD	

DEPARTMENT OF STATE DECLASSIFIED
REVIEWED BY [illegible] DATE [illegible]
PORTIONS DENIED AS [illegible]

The British Ambassador was asked by the Department of State to attend a Top Secret meeting in Admiral Sherman's office this morning. He was accompanied by Air Chief Marshal Elliott, Mr. Burrows and Mr. Greenhill.

Admiral Sherman commenced the conversation by informing the British representatives that we had asked them to meet today in order to discuss a U. S. program of aid and assistance to the Arab States and Israel.

Admiral

Admiral Sherman explained that the program we had in mind was a modest one but that we wished to talk it over with the British before it became a matter of public knowledge next week. [redacted] B-1 ED

Admiral Sherman then asked Assistant Secretary McGhee to explain the details of [redacted] program.

Mr. McGhee spoke along the following lines: The collaboration between the United Kingdom and the United States in the Middle East, which goes back several years, has been very good. It is obvious that the United Kingdom had done more in the Near East over a period of years than the United States, and that there is a traditional British interest in the area. Anything which we could do at this time would be designed to help, not replace British assistance and prestige in the area. However, the United States is concerned about several things in the Near East. The trend toward neutrality had been clearly indicated recently. Egypt and Syria by their voting in the United Nations on Far Eastern issues, had demonstrated an international attitude which was highly unsatisfactory to the West. In addition, while there is now a momentary period of prosperity, the economic structures of the states in the Near East are basically unsound. A feeling of insecurity was clearly developing in the Near Eastern States. While the United Kingdom had been doing a considerable amount in places such as Iraq and Egypt and Jordan, this did not seem enough, particularly in the case of those who were not receiving any aid at all. Dr. Jamali of Iraq had stated in Washington at the time the United Nations was discussing the question of Chinese aggression in Korea that it was exceedingly difficult for the Arab States to line up definitely with the Western States in opposition to the USSR when so little had been done by the West to assist these states in their problem of security vis-a-vis the Soviet Union. With regard to the economic problems of the Near East as long as the question of the Arab refugees exists, resentment will continue in the Arab States toward the West. More has to be done to settle the refugee question effectively.

The overall program which we now contemplate is designed to supplement the United Kingdom program and not compete with it. Whatever is done should be coordinated with the United Kingdom. The program is an integrated economic and military plan. The economic grant aid will be somewhat in excess of $100 million. It will consist of expanded Point IV activities and greater assistance designed to settle the problem of the Arab refugees. The subsistence portion of the refugee program would continue under the United Nations. The development projects portion should be under the United States, and we would cooperate with the United Kingdom. We anticipate that there would be something in the nature of an ECA administration for the development program. We hope that it will be possible for the United Kingdom to contribute more to

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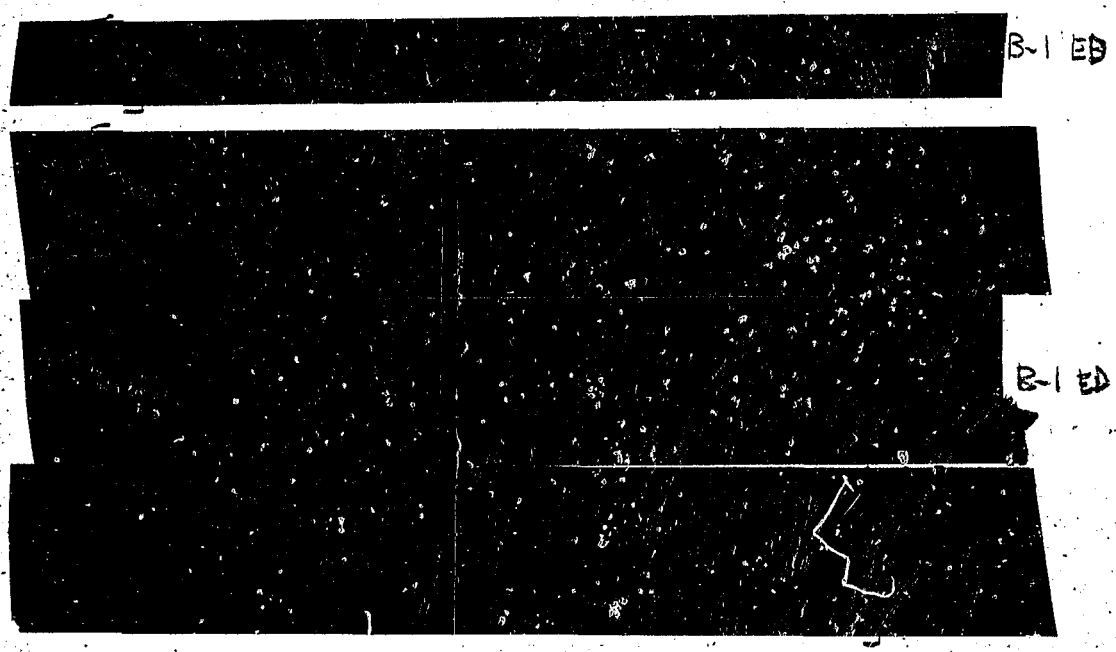
the settlement of the Arab refugees. We feel that we have reached the stage where it is essential to take advantage of the recently expressed willingness of the Arab States to discuss resettlement. This will involve more funds.

With respect to the military program, a percentage of the Greek-Turkish program would be available for grant aid to the Arab States and Israel. This will be roughly from $25 to $50 million dollars. We realize that the United Kingdom and France have been selling arms to some of the states in this area. Our program would be essentially on a cash reimbursable basis. The grant aspect would be designed to assist where there is no possibility of cash reimbursable being used. We hope to guard against any embarrassment to the United Kingdom and France when giving grant aid, but we may have to give grant aid, for instance, in Saudi Arabia to obtain facilities we very much want. We have been criticized because we have given arms everywhere else excepting in the Near East. They see the assistance given to Greece and Turkey. The objective of our arms program is not necessarily defense in depth, but rather stability in depth. It is designed to strengthen the whole Near Eastern will to defend itself and to join with the West. Insofar as possible, we wish to instil a sense of partnership in the countries of the area but without too many voices participating. It is recognized that the United Kingdom has a problem of how a partnership relationship could be worked out in Egypt.



Sir Oliver Franks then responded by thanking Admiral Sherman for arranging

arranging the meeting. The United Kingdom "positively welcomes the positive evidence of this United States interest in the Near East". He hoped that there would be "no shadow of doubt about this. We are very glad that the United States is able to evince this interest. We look forward to the strengthening of our common interests in the area." The United Kingdom effort had been limited in the Near East but it would grow larger now that British strength was increasing. In any case, the United Kingdom will not regard the United States program as supplanting but rather as supplementing what the United Kingdom is doing. There is so much to be done that all we both do will not be enough. Nevertheless, the program would have to be quite carefully coordinated. There were a number of points such as the one Mr. McGhee had made about the effect of grant aid on the position of France and the United Kingdom.

At Sir Oliver's request, Mr. Burrows said that there were several questions which had come up not necessarily in order of importance.

1. The question of standardization and supply; there should not be too much diversity of equipment.

[redacted]

3. The role of training groups and missions would have to be examined. Should there be two military missions, joint missions or specialized missions? This was a problem in regard to the present United Kingdom mission in Saudi Arabia which the United Kingdom wished to maintain there.

4. The United Kingdom believes that the supply of arms is often very useful in obtaining base rights. An important question arising from this is whether the provision of equipment by one government should or should not be used to assist another government in getting bases.

5. With regard to the spirit of partnership of the countries in the area referred to by Mr. McGhee, the United Kingdom generally shares Mr. McGhee's idea. However, it has found that the price for partnership has usually been a demand for high priority on arms and a share in strategic planning. This was a difficulty which General Robertson had experienced during his swing through the Near East recently.

6. Machinery - the United Kingdom welcomes the idea very warmly of having some system to work out details and plans of arms assistance. Without being particularly wedded to the form or location of machinery, the United Kingdom suggests that it might be a Board

located

located in the Middle East to sift applications for arms, determine their justification, etc. He then asked to what extent the Near Eastern program would effect the Greek-Turkish plan.

Admiral Sherman said that we have not as yet made any decisions on missions. He personally felt that it was extremely important to have joint missions where there were activities of more than one country. This would be one way to stop any attempt to bargain one supplying country off against another, and it would strengthen the position of the countries composing the joint mission. Admiral Sherman went on to say that the question of partnership was a difficult one. Having representatives from a number of different countries discussing plans would not be too useful at the present time, but something had to be done to stimulate this feeling of partnership.

Air Chief Marshal Elliott said that he personally endorsed most heartily Admiral Sherman's idea of joint missions. [redacted] B-1 EB ED Marshal Elliott then said that he thought it most important that the civil side be associated in this bold program and that missions should be more than commodity dispensers.

Admiral Sherman agreed with the latter thought and cited our experience in Greece where, after we had established a well-rounded organization, we had much more success.

Mr. Nitze said he thought the association of the civil side was essential since we are basically trying to create a political impact in the area.

Sir Oliver Franks agreed and repeated that the United Kingdom was "not going to take a small view of this program. It is a common effort."

Mr. McGhee said that the armed supply program was part of a broader program which covers such questions as Israeli-Arab relations; the problem of the refugees; development of fighting groups, technical personnel for joint groups; which country should bear the greater responsibility; showing the flag by visits of naval officers and high officials, and like problems. These problems would have to be discussed in greater detail.

Mr. Nitze said he was somewhat worried about having a Board in the Middle East. He thought that questions could be raised as to the effectiveness of a Board located there. Admiral Sherman agreed with this. He said that a feeling might arise that the country in which the Board was located would be getting the plums. Mr. Burrows said that he had simply raised the question for discussion purposes only. He

felt

felt, however, that there should be a permanent organization of reasonably high-ranking personnel.

Mr. McGhee reiterated that we were interested in instilling the feeling of partnership insofar as possible. Since the effort is political, we must overcome the nationalist-type of reaction. He felt that the program might help the United Kingdom out in Egypt because of mutuality aspects. Sir Oliver Franks said that this was possible.

In response to a question from Mr. Burrows as to how much publicity we planned to give to the program, Mr. McGhee said that we would have to make some positive statement. This would probably take place after the program had been submitted to Congress.

Sir Oliver Franks expressed his appreciation for the information given to his Government. It was agreed that a working group would be established to look into the questions raised by the meeting. Mr. McGhee gave Sir Oliver Franks a copy of the attached paper setting forth a number of the points which had occurred to us.

(This has been read by Mr. Greenhill, who agrees with its general contents.)

Attachment

NEA:NE:SKCKenner:mjw 5/18/51